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Dated: September 27, 1995.

Patricia L. Toppings,
Alternate OSD Federal Register Liaison
Officer, Department of Defense.
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Office of the Secretary

Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); FY96 DRG Updates

AGENCY: Office of the Secretary, DoD.

ACTION: Notice of DRG revised rates.

SUMMARY: This notice provides the updated adjusted standardized amounts, DRG relative weights, outlier thresholds, and beneficiary cost-share per diem rates to be used for FY 1996 under the CHAMPUS DRG-based payment system. It also describes the changes made to the CHAMPUS DRG-based payment system in order to conform to changes made to the Medicare Prospective Payment System (PPS).

EFFECTIVE DATES: The rates and weights and Medicare PPS changes which affect the CHAMPUS DRG-based payment system contained in this notice are effective for admissions occurring on or after October 1, 1995.

ADDRESSES: Office of the Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS), Program Development Branch, Aurora, CO 80045-6900.

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FOR FURTHER INFORMATION CONTACT: Marty Maxey, Program Development Branch, OCHAMPUS, telephone (303) 361-1227.

To obtain copies of this document, see the **ADDRESSES** section above. Questions regarding payment of specific claims under the CHAMPUS DRG-based payment system should be addressed to the appropriate CHAMPUS contractor.

SUPPLEMENTARY INFORMATION: The final rule published on September 1, 1987 (52 FR 32992) set forth the basic procedures used under the CHAMPUS DRG-based payment system. This was subsequently

amended by final rules published August 31, 1988 (53 FR 33461), October 21, 1988 (53 FR 41331), December 16, 1988 (53 FR 50515), May 30, 1990 (55 FR 21863), and October 22, 1990 (55 FR 42560).

An explicit tenet of these final rules, and one based on the statute authorizing use of DRGs by CHAMPUS, is that the CHAMPUS DRG-based payment system is modeled on the Medicare PPS, and that, whenever practicable, the CHAMPUS system will follow the same rules that apply to the Medicare PPS. HCFA publishes these changes annually in the Federal Register and discusses in detail the impact of the changes.

In addition, this notice updates the rates and weights in accordance with our previous final rules. The actual changes we are making, along with a description of their relationship to the Medicare PPS, are detailed below.

I. Medicare PPS Changes Which Affect the CHAMPUS DRG-Based Payment System

Following is a discussion of the changes the Health Care Financing Administration (HCFA) has made to the Medicare PPS which affect the CHAMPUS DRG-based payment system.

A. DRG Classifications

Under both the Medicare PPS and the CHAMPUS DRG-based payment system, cases are classified into the appropriate DRG by a Grouper program. The Grouper classifies each case into a DRG on the basis of the diagnosis and procedure codes and demographic information (that is, sex, age, and discharge status). The Grouper used for the CHAMPUS DRG-based payment system is the same as the current Medicare Grouper with two modifications. The CHAMPUS system has replaced Medicare DRG 435 with two age-based DRGs (900 and 901), and we have implemented thirty-four (34) neonatal DRGs in place of Medicare DRGs 385 through 390. For admissions occurring on or after October 1, 1995 the CHAMPUS grouper hierarchy logic has been changed so the age split (age <29 days) and assignments to MDC 15 occur before assignment of the PreMDC DRGs. This will result in all neonate tracheostomies and organ transplants to be grouped to MDC 15 DRGs and not to DRGs 480-483 or 495. Grouping for all other DRGs under the CHAMPUS system is identical to the Medicare PPS.

For FY 1995, HCFA will implement a number of classification changes, including surgical hierarchy changes, revisions to the Major Problem Diagnosis List, and refinements to the Complications and Comorbidities (CC)

List. The CHAMPUS Grouper will incorporate all changes made to the Medicare Grouper.

B. Wage Index and Medicare Geographic Classification Review Board Guidelines

CHAMPUS will continue to use the same wage index amounts used for the Medicare PPS. In addition, CHAMPUS will duplicate all changes with regard to the wage index for specific hospitals which are redesignated by the Medicare Geographic Classification Review Board.

C. Hospital Market Basket

We will update the adjusted standardized amounts according to the final updated hospital market basket used for the Medicare PPS according to HCFA's September 1 final rule.

D. Outlier Payments

CHAMPUS is adopting the HCFA outlier thresholds for FY96. The long-stay threshold shall equal the lesser of 3.0 standard deviations or 23 days above the DRG's geometric LOS. Long-stay outliers will be reimbursed the DRG-based amount plus 44 percent of the per diem rate for the DRG for each covered day of care beyond the long-stay outlier threshold. The cost outlier will be reimbursed the DRG-based amount plus 80 percent of the standardized costs exceeding the threshold. The cost outlier threshold shall be the DRG payment (wage-adjusted but prior to adjustment for indirect medical education) plus a flat rate of \$13,800.

E. Capital-Related Costs

Effective for discharges occurring on or after October 1, 1995, HCFA will increase its inpatient capital-related prospective payment rate. The major factor contributing to the increase is the expiration of the budget-neutrality requirement that mandated estimated payments for capital costs equal 90% of the amount that would have been payable each year from FY 1992 through FY 1995 on a reasonable cost basis. Since CHAMPUS pays for capital-related costs on a retrospective basis based on actual costs instead of prospectively like Medicare, we will reimburse 100% of capital-related costs for CHAMPUS days occurring on or after October 1, 1995.

F. Determination of Number of Beds for Purposes of Calculating the Indirect Medical Education Adjustment

We will clarify our bed counting policy. We will specify that beds or bassinets in a healthy, or regular, baby nursery are excluded from the bed count

for purposes of calculating the Indirect Medical Education Adjustment.

G. Payment for Transfer Cases

CHAMPUS is adopting HCFA's graduated per diem payment methodology for transfer cases. Under this payment methodology, CHAMPUS will pay transferring hospitals, twice the per diem amount for the first day of any transfer stay plus the per diem amount for each of the remaining days before transfer, up to the full DRG amount. For neonatal cases, other than normal newborns, the transferring hospital will be paid twice the per diem amount for the first day of any transfer stay plus 125 percent of the per diem rate for all remaining days before transfer, up to the full DRG amount. This change will allow hospitals to be compensated more appropriately for the treatment they furnish to patients before transfer. Transferring hospitals will continue to be paid in full for discharges classified into DRG 456 (burns, transferred to another acute care facility) or DRG 601 (neonate, transferred less than or equal to 4 days old).

H. Effect of Change of Ownership on Exclusion of Long-Term Care Hospitals

CHAMPUS is adopting HCFA's new requirements for certain long-term care hospitals excluded from the PPS. CHAMPUS will clarify its policy by specifying that if a hospital undergoes a change of ownership at the start of a cost reporting period or at any time within the preceding 6 months, the hospital may be excluded from the prospective payment system as a long-term care hospital for a cost reporting period if, for the 6 months immediately preceding the start of the period (including time before the change of ownership), the hospital has the required average length of stay, continuously operated as a hospital, and continuously participated as a hospital in Medicare.

II. Cost-to-Charge Ratio

For FY 1996, the cost-to-charge ratio used for the CHAMPUS DRG-based payment system will be 0.6003 which is increased to 0.6103 to account for bad debts. This shall be used to calculate the adjusted standardized amounts and to calculate cost outlier payments, except for children's hospitals. For children's hospital cost outliers, the cost-to-charge ratio used is 0.6691.

III. Updated Rates and Weights

Tables 1 and 2 provide the rates and weights to be used under CHAMPUS DRG-based payment system during FY 1996 and which are a result of the

changes described above. The implementing regulations for the CHAMPUS DRG-based payment system are in 32 CFR Part 199.

IV. Elimination of Physician Attestation Form

CHAMPUS is adopting Medicare's process for eliminating the physician attestation form that requires doctors to certify the accuracy of all diagnoses and procedures before submitting claims for payment to CHAMPUS.

Editorial Note.—This table will not appear in the code of Federal Regulations.

Table 1—National Urban and Rural Adjusted Standardized Amounts, Labor/Nonlabor, and Cost-Share Per Diem

The following summary provides the adjusted standardized amounts and the cost-share per diem for beneficiaries other than dependents of active-duty members.

The adjusted standardized amounts are effective for admissions occurring on or after October 1, 1995.

National Large Urban Adjusted:

Standardized Amount	\$.	.
Labor portion	\$.	.
Nonlabor portion	\$.	.

National Other Areas:

Standardized Amount	\$.	.
Labor portion	\$.	.
Nonlabor portion	\$.	.

The cost-share per diem is effective for inpatient days of care occurring on or after October 1, 1995.

Cost-share per diem for beneficiaries other than dependents of active-duty members

\$. .

Dated: September 28, 1995.

L.M. Bynum,

*Alternate OSD Federal Register Liaison Officer,
Department of Defense.*

[FR Doc. 95-24577 Filed 10-2-95; 8:45 am]

BILLING CODE 5000-04-M

Defense Intelligence Agency, Scientific Advisory Board Closed Meeting

AGENCY: Department of Defense, Defense Intelligence Agency.

ACTION: Notice.

SUMMARY: Pursuant to the provisions of Subsection (d) of Section 10 of Public Law 92-463, as amended by Section 5 of Public Law 94-409, notice is hereby given that a closed meeting of the DIA Scientific Advisory Board has been scheduled as follows:

DATES: October 12-13, 1995 (830 to 400).

ADDRESSES: The Defense Intelligence Agency, Bolling AFB, Washington, D.C. 20340-5100.

FOR FURTHER INFORMATION CONTACT: Mr. William H.G. Wheeler, Executive Secretary, DIA Scientific Advisory Board, Washington, DC 20340-1328 (202) 373-4930.

SUPPLEMENTARY INFORMATION: The entire meeting is devoted to the discussion of classified information as defined in Section 552b(c)(1), Title 5 of the U.S. Code and therefore will be closed to the public. The Board will receive briefings on and discuss several current critical intelligence issues and advise the Director, DIA, on related scientific and technical matters.

Dated: September 27, 1995.

Patricia L. Toppings,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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Conference Meeting of the National Advisory Panel on the Education of Handicapped Dependents

AGENCY: Department of Defense Dependents Schools.

ACTION: Notice.

SUMMARY: Notice is hereby given of a forthcoming meeting of the National Advisory Panel on the Education of Handicapped Dependents. This notice describes the functions of the Panel. Notice of this meeting is required under the Federal Advisory Committee Act.

DATES: November 28-30, 1995.

ADDRESSES: Department of Defense Education Activity (DoDEA), 4040 N. Fairfax Drive, Arlington, Virginia 22203.

FOR FURTHER INFORMATION CONTACT: Dr. Carrie Rothenbacher, Special Education Coordinator, DoDEA, (703) 696-4493, extension 151.

SUPPLEMENTARY INFORMATION: The National Advisory Panel on the Education of Handicapped Dependents is established under the Individuals with Disabilities Education Act, as amended, (20 U.S.C. 1400 *et seq.*); the Defense Dependents' Education Act of 1978, as amended (20 U.S.C. 927(c)); and DoD Instruction 1342.12, 32 CFR Part 57. The Panel: (1) Reviews information regarding improvements in services provided to students with disabilities in DoDDS; (2) receives and considers the views of various parents, students, individuals with disabilities, and professional groups; (3) when necessary establishes committees for short-term purposes comprised of representatives from parent, student,